MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

UCO3612 – COMPANY LAW I

(All sections / Groups)

11 OCTOBER 2017
Reading Time: 9.00 a.m – 9.15 a.m
(15 minutes)
Answering Time: 9.15 a.m – 12.15 p.m
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. Students will have **fifteen minutes** during which they may read the paper and make rough notes ONLY in their question paper. Students then have the remaining **THREE HOURS** in which to answer the questions.

2. This Question paper consists of 3 pages with 5 Questions only. Answer **ALL** questions in **PART A** and **ONE (1)** question in **PART B**.

3. All questions carry equal marks and the distribution of the marks for each question is given.

4. Students are allowed to bring into Examination Hall CLEAN and ORIGINAL copy of COMPANIES ACT 2016.

5. Students are not allowed to lend or borrow statute(s) during the Examination.

6. Please write all your answers in the Answer Booklet provided.

PART A : ANSWER ALL QUESTIONS.

QUESTION 1

Section 20 of Companies Act 2016 states (*inter alia*) : "*A company incorporated under this Act is a body corporate and shall - (a) have legal personality separate from that of its members...*" (emphasis added).

Discuss thoroughly the effect of the above section and further explain whether there is any room for the court to hold some exceptions to the general rule.

(Total: 25 marks)

QUESTION 2

(a) Albert and George are directors of Victoria Bhd. ('Victoria'), a company incorporated in Malaysia in 2010. With the new implementation of the Companies Act 2016, Albert and George would like to know what happens to Victoria's existing memorandum and articles of association which were incorporated under the Companies Act 1965?

Advise Albert and George.

(15 marks)

(b) Since constitution is optional under the Companies Act 2016, Albert and George intend to adopt partially of its existing memorandum and articles of association and seek your legal advice as to how to alter the constitution to allow Victoria to purchase its own shares.

Advise Albert and George.

(10 marks)

(Total: 25 marks)

QUESTION 3

(a) Turnham and Lew are the only directors of Boston Manor Sdn. Bhd. ('Boston Manor'). Turnham is a British national whilst Lew is a 70 year old Malaysian. Lew no longer wishes to be a director at Boston Manor and wants to vacate his office. Lew claims that, as he is turning 71 years old, he can no longer be a director in the company under the Companies Act 2016.

Advise Boston Manor.

(8 marks)

Continued .....

(b) Morden, Mitcham and Merton are directors of Ealing Broadway Berhad ('Ealing'), a leading property developer in Malaysia. Ealing entered into a contract with Norwood Junction Sdn. Bhd. ('Norwood') to develop an art exhibition centre in Melaka. Unknown to the board of directors, Morden and Mitcham are also the directors of Norwood. Merton alleges that there are breach of duties and wishes to remove both Morden and Mitcham from their directorship. Ealing does not have any constitution.

Advise Merton.

(17 marks)

(Total: 25 marks)

PART B : ANSWER ANY ONE QUESTION ONLY

QUESTION 4

Directors of Abel Sdn. Bhd. ('Abel') are Mr. Akhlakhen and Mr. Boboy. Abel is the member of Billion Sdn. Bhd. ('Billion'), PLQ Sdn Bhd ('PLQ') and Stingy Sdn Bhd ('Stingy') with the holdings of 30%, 40% and 51% of shares respectively.

PLQ's directors are Mr. Akhlakhen and Ms. Bella where Mr. Akhlakhen holds the balance of 60% of shares.

Other members of Billion are Mr. Zack and Mr. Boboy who hold 35% and 35% of shares respectively. Both Mr. Zack and Boboy were appointed as the company's directors by Abel.

At the same time, both Mr. Zack and Mr. Boboy are also the only members and directors of Zizah Sdn Bhd ('Zizah').

As for Stingy, another 49% of shares are held by Ms. Dunia who is also Stingy's sole director. At the same time, Stingy intends to incorporate a foreign company from New Jersey as its subsidiary. However, they are not sure whether a foreign company could also have a single director.

Explain the relationship of all companies and further advise Stingy on their concern.

(Total : 25 marks)

Continued .....

QUESTION 5

Mr. Kuna is the sole director and member of Kunang-Kunang Sdn. Bhd. ('Kunang'). He agreed to help Ms. Luna to incorporate her private limited company and to secure few projects for her company.

As the first step, Mr. Kuna entered into a joint-venture agreement to develop a piece of land ('the land') on behalf of Ms. Luna's future company with a developer known as Restu Sdn. Bhd. ('Restu'). The land was still owned by Kunang. The agreement was entered with a view that the land will be sold to Ms. Luna upon incorporation of her company and to be further developed into a Bestari-City-Square by Restu.

Three (3) months later, with Mr. Kuna's help, Ms. Luna's company known as Spicy Sdn. Bhd. ('Spicy') was successfully incorporated where in its application form, the nature of its business stated is as a trading company. Ms. Luna is the sole member and director of the Spicy.

Upon incorporation of Spicy, Kunang sold the land to Spicy and tripled the price than that was bought by them earlier. However, the joint venture agreement with Restu was later immaterialized as the approval from the relevant authority to develop the land could not be obtained.

As Spicy was at loss, Ms. Luna sold 60% of her shares to Mr. Kuna. However, Mr. Kuna only paid half of the price of the shares to Ms. Luna. Balance of the purchase price shall be paid in due course.

The situation becomes worse when the creditors of Spicy started to chase Ms. Luna and Mr. Kuna for the unpaid debts of the company.

Discuss.

(Total: 25 marks)

End of page.